GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1751
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Gap between Wholesale Prices and Retail Prices
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Will the Minister of FINANCE be pleased to state:

(a) whether a realistic assessment of inflation seems almost impossible to be made owing to its being based on wholesale price instead of retail prices prevailing in the market;

(b) if so, the details thereof and the reasons therefor;

(c) whether a gap of almost half of two prices is there between the wholesale and retail prices;

(d) if so, the reasons for not assessing the inflation based on retail prices rather than wholesale prices; and

(e) the reaction of the Government to the above reasons?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (c) The changes in average prices at wholesale and retail levels are measured in terms of Wholesale Price Index (WPI) and Consumer Price Index (CPI) respectively. The basket of items and their weight are different in WPI and CPI. The gap between wholesale and retail prices has been declining in the recent months, except in January 2017, as reflected in the general inflation based on WPI and CPI (Table 1).

Table 1: Inflation based on WPI and CPI (combined) (in per cent)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
WPI	3.9	3.8	3.8	3.4	3.4	5.2
CPI (combined)	5.0	4.4	4.2	3.6	3.4	3.2

Source: Department of Industrial Policy & Promotion and Central Statistics Office.
Note: WPI inflation for the last two months and CPI (combined) inflation for the last one month is provisional.

(d) & (e) The headline inflation in India is now based on the CPI (base 2012=100)

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